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Merchandising

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS

Buying groups shift strategies to react to changes at retail

NEW YORK — The recent growth of "power retailers" in the consumer electronics and major appliance business is forcing some major changes among the buying groups that serve the industry.

First of all, the groups are more popular than ever. Smaller retailers who saw no reason to join in the past are now clamoring to get in. And they're not always succeeding.

At the other end of the spectrum, the major chains, many of which are rapidly expanding, often find themselves doing business in the same market as a fellow group member. The days of peaceful coexistence seem to have all but passed.

All of this has led to a surge in the growth of many buying groups. Some new organizations are being formed. Existing groups are reorganizing (in one case splitting in two) to better serve the needs of their members.

And these members feel that buying groups are more important than ever before. Pricing, of course, is key. But beyond that, the retailers say, they rely on additional benefits such as financial deals, information on current pricing, rebates and insurance discounts to make the big difference on their balance sheets.

For a complete look at the state of today's buying groups, turn to page 13.

WHAT'S HOT IN MAJOR APPLIANCES?

	Projected '85 Unit Sales to dealers (in thousands)	% Change from '84
Room Air Conditioners	3,120	+ 0.5%
Dehumidifiers	607	+ 2.7%
Dishwashers	3,486	– 0.1%
Built-In	3,245	0.0%
Portable	241	– 2.0%
Disposers	4,012	– 1.8%
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Freezers	1,199	– 6.4%
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Chest	606	– 6.8%
Electric Ranges	3,049	– 0.8%
Free-Standing	2,482	– 0.6%
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Gas Ranges*	1,720	– 0.7%
Free-Standing & Set-In*	1,519	– 1.1%
High Oven*	91	0.0%
Built-In*	110	+ 3.8%
Microwave Oven/Ranges	10,863	+19.0%
Washers	5,154	+ 2.1%
Dryers	3,767	+ 2.3%
Electric	2,993	+ 2.1%
Gas	775	+ 2.8%

Figures Courtesy of the Association of Home Appliance Manufacturers, AHAM

*Figures obtained from a consensus survey of members of the Gas Appliance Manufacturers Association (GAMA) in late 1984

Falling VCR prices help to increase sales but devastate margins

STAMFORD, CT — VCR prices are continuing to plummet, according to retailers, some of whom report making adjustments almost on a daily basis.

Beta models, the dealers say, are going for as little as $169. And VHS is not faring much better, with low-end units selling for $188 in some stores.

As for margins, the retailers say, they too are suffering, falling well below the 20 percent point in many cases. And increased volume is not making up the difference.

High-end units are not immune to spiraling prices either. One retailer said he's selling a Beta hifi unit for $399 and a VHS hifi model for $499.

Just how low can prices go? Get the retail reaction on page 43.

MICROWAVES TAKE STAR BILLING again this year in major appliances. Unit shipments are expected to increase about 19 percent over last year. What else is hot in major appliances? See page 33.

Housewares departments make room for microwaves

NEW YORK — Rapidly falling prices have led a number of department stores to relocate their microwave ovens in the housewares department, a move that some say is paying handsomely.

Prices have declined to the point where microwave ovens don't cost all that much more than some other kitchen electrics, the dealers note. And microwave ovens, along with cookware and bakeware, can produce a profit-generating mix.

In addition, as consumers become more familiar with microwave technology, they no longer need the informed sell that they once did. Also, lower prices mean it's no longer as feasible to sell the ovens in a commission-oriented electronics department.

Not all deparment stores, however, have made the switch. Some continue to sell the ovens in the electronics department. Still others find that the microwaves-as-housewares tactic may work in some stores, but not in others.

Details about the microwave oven's big move into housewares on page 25.

'3 bedrooms + computer' sells homes in California

LANCASTER, CA — Turning a personal computer into a home appliance is no longer fiction. Nevertheless, dealers continue to

It pays retailers to shop around ...choosing long-distance service

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FOR OVER 56,200 RETAILERS & WHOLESALERS

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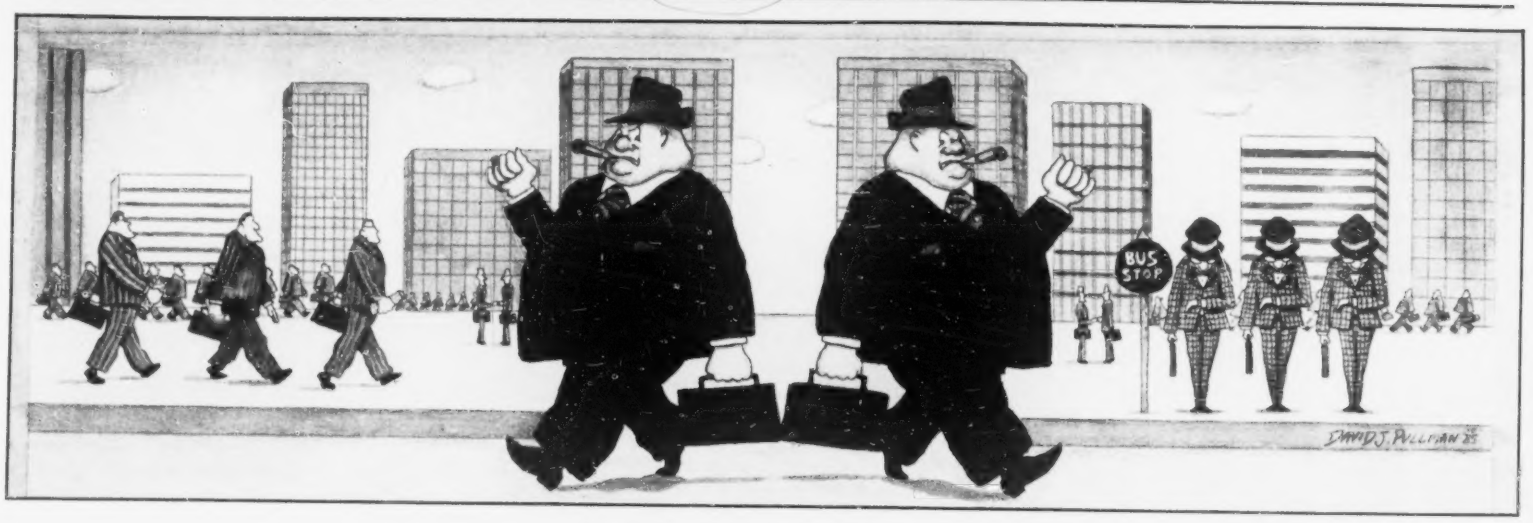


Buying groups at the crossroads

Big changes at retail force some in new directions

By Michael Garry, sr. assoc. ed.

A new chapter is being written in the history of buying groups serving electronics and appliance dealers. But in fact, it's really an old story that's unfolded before in other retail fields.

Possible results could include the formation of new groups in response to a clamoring by smaller retailers who can't gain entry to existing organizations. Also in the offing are reorganizations of some groups, splintering of others. There already has been one case of the latter via the NATM Group IV breakup.

The catalyst for all this—and here's where history comes into play—is the recent growth of specialty chains. No longer content with doing business within their local bounds, "power retailers" (a new industry buzz phrase) have been invading other states. In some cases, expansion has been far-flung (such as the recent move by Highland Appliance, headquartered in Michigan, into the Dallas market).

This expansion has fueled two forms of unrest:

1. Smaller dealers who never had to worry about the "big boys"—and perhaps never saw the need for buying group support—now have the worry and see the need. But because of competitive restrictions, gaining entry to an existing group is no snap.

2. More specialty chains are doing business in the backyard of competitors that happen to belong to the same buying group. In some cases, rules governing territorial restrictions have been stretched to or even beyond the limit. Declarations of "we can coexist," made by co-members now butting heads for the first time as competitors, have not held water.

Although the focus for the moment is on bigger operations, there is every reason to see medium-size dealers invade adjacent territories. Such expansion obviously could bring about further conflict-of-interest situations, this time within groups catering to smaller retailers.

Meanwhile, dealers who do belong to groups—in view of competitive developments—are especially happy about their membership. Many retailers contacted by *Merchandising* admitted depending a great deal on buying leverage and other services made available.

Indeed, services sometimes play as great a role as pricing, if not greater, in helping these dealers survive. A broad collection of benefits such as financial deals, information on current pricing, rebates and insurance discounts, could make the difference on a member's balance sheet. This has become particularly true with the recent competitive explosion, making profits even harder to achieve.

Too close for comfort

One problem facing buying groups today is that, especially in light of their growth in recent years, members of the same group are finding themselves in the same trading area.

Retailers in this situation strongly object to it, since the proximity works against some of the advantages of group membership, such as sharing ideas. And since members of the same group receive similar merchandise at similar prices, when they compete against each other they nullify the group's price advantage.

"The biggest complaint I have against my group, Associated Volume Buyers (AVB), is that eight to 10 of its members are in my city," said Roy Edwards, president, The Warehouse, a one-store operation in Phoenix. "But AVB feels the more members the better, so they overlook this problem."

Sam McCall, owner of Saben Appliance, Dothan, AL, said that other members of his chapter of Nationwide haven't yet entered the market areas for any of his eight stores. But he is afraid it might happen soon. If so, he won't be able to enjoy the dialogue he had previously.

Other dealers are resigned to sharing the same marketplace with fellow group members, as well as competitors from other groups.

A member of Key, Al Greco, owner of Apsco Appliance and TV Centers, Largo, FL, said that another Key member is only one block from his store in Clearwater. The same lines are available to both stores. "We have to accept that you can't have your own market anymore," he said. "It's part of business today."

Sy Goldan, United Appliance Dealers Corp. president, said that a modest amount of member overlap was inevitable. But he rejected the notion that competition among his members is fierce. "We don't have any piranhas in our group," said Goldberg.

The best known example of intragroup competition has taken place among the members of what had been the industry's largest buying group, NATM. The rivalry is cited as one of the principal reasons that four of its biggest members left the group to form a new entity, Group IV. But what of the remaining members of NATM, who appear bent on expanding into many new marketplaces, including each other's.

Two remaining NATM members, Newmark & Lewis and Luskin's, have recently found themselves occupying the same marketplace in southern Connecticut as a result of the former's decision to buy Bernie's Appliance of Bloomfield, CT. Despite this move, Newmark & Lewis's president Dick Lewis hopes that NATM members will work more efficiently and with less conflict than before.

"It's inevitable that we will compete," Lewis said. "We'll just try to do it more comfortably. Group membership will never prevent us from plotting our own destiny."

Sometimes dissatisfaction with a buying group will cause a member to leave it and join another. While this may be commonplace and acceptable, a less legitimate practice is for one buying group to steal members from another by offering what appears to be a better deal. It is, in a word, piracy. And it is taking place today.

The executive director of one small regional group told *Merchandising* that his group was the victim of piracy last year. "One of the big groups took six of our largest members," he said. "When they were smaller, we offered them a haven. Then, when they grew, along came a big group that buys direct, and they deserted us."

How retailers cope

How do retailers themselves feel about the importance of buying groups? Most made it clear that their survival today is based on membership.

The owner of a six-store appliance/electronics chain in Texas, and a

(Continued on page 14)

Chains eye smaller markets

The latest threat to the average retailer is that large electronics chains, including past or present members of NATM, are setting their sights on practically every available market in a surge of unfettered expansionism.

"They have been fierce competitors in the big cities," explained Al Cibley, executive director of Key National, Newton Center, MA, a national buying group composed of mostly smaller retailers. "But now, the superstores are entering the secondary markets where they have never been before, places like Wisconsin, Kansas, Seattle, Buffalo. Even California had been relatively immune till now."

Can the Key group's buying power and services help its members in these outlying areas, as well as those in the ultra-competitive large cities, survive? "I think we can help, if our members are willing to support the lines that we purchase," said Cibley.

Joseph Anlauf, executive director of Associated Volume Buyers, Commerce, CA, (which consists of small-to mid-size retailers) has very strong views on this subject.

"I think the rampant expansion will have a serious effect on smaller retailers because those strong mass merchants will now be all over the U.S.," he said.

"I don't know whether NATM had any stores in Wichita but they now have four. And that's just Kansas. There should be some good mom-and-pop store there. But now they have NATM. And they're in Wisconsin, Plattsville, NY, and No-Name, ND, as well. What for?"

—MG

Retailers say size is only alternative to groups

(Continued from page 13)

member of MARTA Cooperative of America, flatly stated that "there is no way I could succeed against Highland and Federated without belonging to a group."

He added: "It gives us an opportunity to be competitive. I don't mind giving up two to four points but not 12 points. We can't live with that kind of difference."

Malcolm Ballinger is the vice president of merchandising and operations for World Radio, Council Bluffs, IA, one of the regions recently subject to chain invasion. "We are definitely affected by the expansion of TV Stereo Town in Iowa and Silo in Kansas City," he said. "If we weren't a member of Nationwide, we would have been at a tremendous disadvantage."

Other dealers said size is about the only alternative to buying group membership. "You have to have a volume of about $25 million, possibly $50 million, to survive independently. And next year that figure might be $100 million," said Saben Appliance's McCall. A member of the Nationwide buying group, his eight-store chain has an annual volume of about $10 million.

But it's not always easy to join.

One retailer from Louisville, KY, noted that while he wanted and needed to join a buying group, he couldn't gain admittance to one.

Said Charles Wilson, owner, Dixie Appliance & Color TV, a one-unit, $8 million operation, "All the groups—MARTA, Nationwide—are filled in the Louisville area. The retailer who belongs to MARTA doesn't want a neighboring dealer in the group, and Nationwide won't allow its members to be too close together." Meanwhile, forced to meet the prices of the large chains, Wilson has seen his margins slip to 22 percent.

Partly in response to this problem, some new groups are forming and some existing ones are gathering strength.

The N.N.E. group, based in Avon, MA, is one of the latter. It has decided to undergo large-scale expansion this year, moving from a regional group with 20 members to a national organization with a few hundred members in the next few years, said Bob Miller, vice president and director of marketing.

The decision to expand couldn't have come at a better time for many dealers in New England facing the invasion of numerous chains, including Audio/Video Affiliates and Circuit City. "A local guy in Framingham, MA, said to me, 'Let's talk now, I think I'm serious about joining,'" Miller noted. "He just can't afford to buy at the same price as the chains."

Potent services and benefits

What makes the buying group such a potent tool for retailers is primarily the cost discount, which can improve margins by 10 to 15 percent. But just as important as that, sometimes more so, are the myriad services and benefits offered by the groups.

As one buying group executive pointed out, a group may save a retailer $50,000 on the purchase of some color TV's over the course of a year, but an ad passed onto the retailer by a fellow member could generate an additional $700,000 in business.

What are some of these services and benefits that can make such a difference? Perhaps the most important is the swapping of merchandising insights among members of the group.

Sam McCall, who operates out of Alabama, said he values what his contemporaries in Texas have to say. "Some of them carry their own service departments and some don't," he said. "This helps me see if I want to install one in my own business."

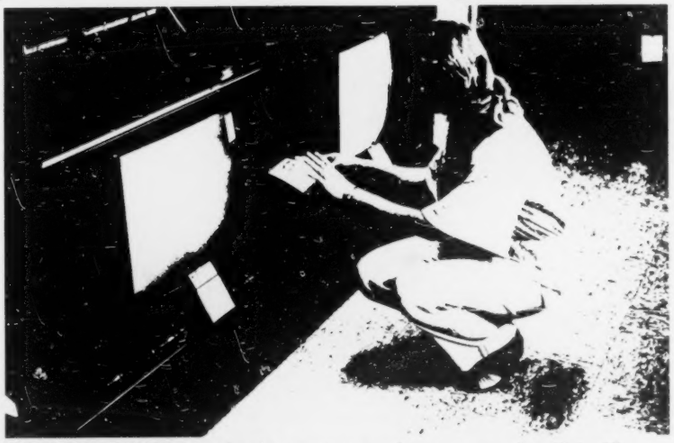
While word of mouth is frequently the vehicle by which information is shared, newsletters and computers are also employed. The list of topics grows longer every day, and includes such basic items as advertising, pricing, terms and credit.

Product dumps are among the things Larry Blumenthal, owner of B&B Appliances, Cleveland, OH, likes to find out about through the buying group grapevine. "If I pay a certain price here, I like to know what dealers in New York are paying," he said. "But I can't read every newspaper to see what products are being advertised for, so I need a source of information to tip me off about what's happening."

Marty Jacobs, vice president of purchasing for the Federated Group, Los Angeles (a member of Nationwide), said that seminars on such topics as merchandising, financing and insurance help make his business better. He also sits on panels that visit manufacturers to review new products.

Another Nationwide member, Ballinger of World Radio, noted that the group has helped him by providing a consultant on security who recently analyzed his entire operation. An insurance consultant also reviewed all of his policies.

Cutting insurance costs was a benefit also cited by Billy Simons, still another Nationwide member. "The group has given me group rates for workmen's compensation, liability and automobile coverage," he said. "It was started two years ago, and since then my insurance costs have gone down 40 percent."



COST DISCOUNTS from buying groups can improve margins 10 to 15 points. But retailers say the services and benefits that a group offers can be just as important to the bottom line.

Getting a quick inventory fix is yet another benefit groups can offer retailers. Usually this is done through the warehouse set up by the group for such emergencies.

Only the strong survive

Despite the advantages that buying groups do offer, membership is not for everyone. Some retailers are large enough to make it on their own. Others prefer to concentrate on product lines with limited distribution rather than accept the homogenous lines purchased by groups. Still others prefer to focus on higher-end products or to distinguish themselves through superior sales service.

But for the lion's share of dealers, survival in the Eighties may depend on group membership. From there, it's going to depend on the buying groups themselves to sharpen and modernize their services to provide their members with the best pricing, the latest information and the most effective merchandising tools.

Competition will continue, both among the retailers and among the groups. And in the end, as ususal, it's the strongest who will grow and prosper. ●

SIZING UP THE GROUPS

Name	Number of Members	Approximate Number of Stores	Estimated Store Volume
NATM Buying Corp New York, NY	9	150	$1 Billion
Nationwide Appliance & Television Associates Pittsburgh, PA	40	500	$2 Billion
Group IV	4	300	$1.5 Billion
Key National Corp Newton Center, MA	750	860	$1 Billion
United Appliance Dealers Corp Scotch Plains, NJ	298	400	$1 Billion
American Video Association Mesa, AZ	1,800	3,000	$1 Billion
Post Merchandisers Chicago, IL	713	1,200	$750 Million
Associated Volume Buyers Commerce, CA	331	600	$700 Million
Progressive Retailers Organization Encino, CA	13	140	$500 Million
Volume Independent Purchasers Tarzana, CA	125	250	$300 Million
SCDC Fullerton, CA	106	150	$200 Million
United National Electronics & Appliances Inc. East Brunswick, NJ	63	80	N/A
United Buying Group Carlisle, PA	16	16	$3 Million

Microwave shipments see 19% surge in '85

By Nancy Markov, field editor

BENTON HARBOR, MI—What's hot in major appliances? In a year when shipments of most appliance categories are flat or down slightly, against a super 1984, microwaves again take star billing. The big surge in ovens is expected to result in a shipment increase of about 19 percent over 1984 to 10.9 million units.

In product categories other than microwaves, where shipments are sluggish, the excitement is coming from feature introductions within each area—electronic controls, solid elements, European styling, etc.

"It's been a strange year because it started so slowly," reported Hank Bowman, vice president of Whirlpool sales. "Virtually all products through the first three months were very soft compared with 1984. But then we started to see laundry pick up substantially around early May. The same was true for other product categories."

Looking towards 1986, whether total appliance shipments realize an increase depends on the room air and microwave markets. But even with these two categories included, the industry could be flat or down two to three percent.

Why? Because room air conditioner shipments are expected to decline in 1986 due to large inventory carryover from this year's poor selling season. Microwaves, too, will start to see a depression of volume until a strong replacement business develops.

Microwaves are hot

Microwave ovens remain the largest single product category in the industry in terms of unit volume. Saturation at the end of this year should be about 50 percent or slightly higher.

Shipments of microwave oven/ranges this year are expected to reach the 10.9 million mark, a 19 percent gain. This is despite the fact that there was some inventory carryover from Christmas 1984 into the first quarter.

In fact, the market was soft until mid-May as sales at the retail level were sluggish. And because some manufacturer inventories were high even at the end of July, closeouts have been reported. Said one supplier, "I've heard some wild stories about inventory in the field." Noted another, "There could be too much unreported inventory out there."

The inventory situation was compounded by the entrance of new players. Electronics and housewares manufacturers both have made their entrance into the microwave arena. The result is more unneeded pressure on an already competitive pricing situation.

As in 1984, the growth of the market has been in the compact and subcompact categories. And now 0.4-cu.-ft. models are on dealer shelves, as well, from suppliers including Sampo, Sharp, Sanyo and Tappan.

Small ovens are a hit because of the attractive price points, often dipping below the $100 mark; the large number of one- and two-person households, and the space restrictions in many homes, particularly in urban areas.

Noted a spokesman from the White Consolidated Industries Appliance Group, "Because microwave prices have been trending downward due to the introduction of smaller ovens, microwaves are available to those people who couldn't previously afford an oven—the lower income groups, singles, college students."

There is also a secondary market purchasing compact and subcompact ovens. These are the people who want an oven to take to the summer house, the den, the college dormitory room, etc.

Because the subcompact and compact segments are the least saturated part of the market, this trend is expected to continue through the coming year.

But an increasing amount of future volume, starting in 1986, is going to be dependent on the replacement market, an area which really hasn't yet developed.

Current estimates for the replacement market vary from seven to 10 percent. According to Jim Fremont, director of marketing, Litton, 1985 is the absolute peak or even a bit on the down side on the bell curve of first oven purchases. The replacement curve should parallel that increase 10 years later.

"Market shipments could remain up around the 10 million mark annually if the replacement market were coming up more quickly," he said, "but it's not. So while we may see a slight increase in total units in 1986, the market will have to adjust itself to nine million or even 8.5 million units by 1987 or 1988—still a significant market. But there will be fewer first time purchasers every year."

That secondary market where ovens are being purchased specifically for the summer home, den, RV or college dorm room is currently strong, but it's limited.

Fremont estimated it at about five percent of the industry. "We may also see some of these needs being satisfied through the rental, not retail channels," said Kevin Furlong, national marketing manager, Toshiba. "The

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Figures Courtesy of the Association of Home Appliance Manufacturers (AHAM).

*Figures obtained from a consensus survey of members of the Gas Appliance Manufacturers Association (GAMA) in late 1984.

INVESTMENTS in new designs, factories and people keep GE competitive, says Roger Schipke, senior vice president and group executive, Major Appliance Business Group.

GE's Schipke looks at foreign threat in major appliances

By Nancy Markov, field editor

LOUISVILLE, KY—Major appliances are big business in this country, representing a prime target for the foreign competitors who have edged into the market slowly over the past few years.

It's no surprise then that domestic manufacturers are taking a long hard look at how to maintain their share. And the task gets harder since current market projections call for minimal gains in 1985 shipments and

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Leveling off due for microwave ovens in 1986

(Continued from page 33)

secondary market won't provide a lot of additional sales for a long period of time," he added.

Wally Fraser, general manager, appliance division, Quasar, pointed out that this segment will have a much lower saturation than the total industry—"around 15 percent. And it will be reached quickly—in the next one to 1½ years."

Consequently, even with a strong Christmas selling season, a leveling is expected to occur in early 1986 and some supplier attrition is possible later next year. Whether there are large quantities of closeouts will depend on manufacturer inventory levels going into the first quarter of 1986.

Right now, projections for 1986 shipments of microwaves vary. Some suppliers believe that if there is an increase it will be less than five percent. Members of AHAM have projected that shipments will fall to around the 10.3 million mark. Another estimate is that the industry will dip to under 10 millon units.

In any case, said Bowman, it will be difficult for the industry to sustain the growth of the past two years. The segmentation of product, expanded price points to the lower end of the spectrum and the number of new consumers in the marketplace happened rapidly. "The industry will be dependent on replacement and add-on business. It could be a real problem. Globally there is plenty of capacity to support the U.S. and others. But it will be a very competitive situation in this country. There's a lot of inventory out there."

THE RAPID RISE in microwave shipments over the past two years will be hard to sustain in 1986, vendors say. Reasons cited for past growth include market segmentation and lower price points.

Other categories sluggish

With the exception of home laundry, which is expected to show shipment gains of about 2.2 percent for 1985, other major appliance categories were flat or down a bit. And 1986 is expected to be almost a repeat of 1985, noted Robert Reid, general manager, home laundry/dishwasher products management, General Electric.

"We don't look for a huge increase in dishwashers going into next year," said Reid. "The category is tied to interest and mortgage rates and the general economy. New housing starts and the remodeling market play a big part in dishwasher sales." Housing starts in 1986 are expected to remain at the 1985 level of 1.7 million.

He added, "Replacement sales play a bigger and bigger role in dishwashers. The bonanza years were from 1970 through 1973. These units are now being replaced."

For this market, the firm will be showing some new dishwashers at January's NAHB Show. "We are upgrading the performance of our dishwashers again," said Reid—"the washing performance and reduced sound levels. There will be highly featured models that offer the features that the replacement buyer is looking for."

The refrigerator industry, too, will have shipments roughly the same as in 1985 or even down one to two percent in 1986, reported John Higgins, general manager, refrigeration products management, General Electric.

Said a spokesman for the WCI Appliance Group, "From an industry standpoint, refrigeration is not doing too shabbily. The market is holding up. Going back 15 years, there was an upward swing in refrigerator sales. These units are now being replaced."

"There is a strong replacement cycle for refrigerators," agreed Jim Krueger, vice president of marketing, Admiral. "And when customers go out to buy, they are stepping up to better goods. We have the products for them—the A la Mode, the Entertainer, the UltraFreeze, etc. We're getting a lot of high-end sales and our business is good."

The firm's Continental Kitchen concept is also expected to add some excitement to the major appliance industry. Official introduction is slated for a special group of distributors later this month.

Compacts continue growth

Another growth area for Admiral is compact refrigeration. "Sales of units 11 cu. ft. and smaller are quite strong," said Krueger. "Since our acquisition of Warwick, we've made some real inroads in this marketplace. It will be a big segment of business for us."

Compact refrigeration now accounts for about 800,000 to 850,000 units a year, said GE's Higgins. "The current trend will stabilize at around 10 percent of the industry. It is a niche opportunity that will be stable in the future. It's an opportunity for us to make a major contribution in this area since we have the brand name and easy service."

Another category—freezers—is stable, having witnessed its last big surge during the 1973-1974 oil crisis, said Higgins. Shipments are expected to remain at the 1.1 to 1.2 million level, with a mix of about 50 percent chest, 50 percent upright units. "The consumer needs a reason to buy and store in anticipation of price increases. Since the economy is currently stable, so is the industry," he said.

A spokesman from the WCI Appliance Group agreed. But he believes that this market can change over the next few years as the number of microwaveable foods in the marketplace grows. "As people get used to these products, they will find they need more and better arranged freezer space. The changing patterns of what people eat also affects what they use to store foods. There is a potential for more freezer sales. At last some innovation is coming up on the horizon for this category. But this will happen closer to the end of the decade," he cautioned.

"Since the appliance categories are not showing substantial growth," said Reid, "we have to compete within the lines with products that will appeal to consumers." One area is electronic controls.

Said Bowman, "In general, we see electronics getting stronger. There is the translation of electronic controls from other electronic products. People are comfortable with electronic products in their homes, so the acceptance of these features on major appliances is definitely a trend for the future."

He continued, "Electronic controls will be found on all kitchen products and on more than the top-of-the-line models. We will see a transfer of electronics to the middle of the line and they will be functional in the operation of the appliances."

"This will be evident in 1986 and speed up in 1987 and 1988," said Bowman. "Electronics are just now coming into vogue and being added to the entirety of the major appliance family. For example, they are now on ranges as a legitimate control device."

"Costs are coming down for electronics," he added. "The industry will do more volume as the feature moves down into the line and becomes more cost competitive and cost effective. In the Whirlpool line, electronics can now be found on microwave ovens and on top-of-the-line ranges, refrigerators, dishwashers and laundry equipment."

"Electronic controls are very important from the standpoint of being a hot innovation, not a hot seller," said a spokesman from the WCI Appliance Group. "The dealer can sell off them on the sales floor. Electronically controlled units get the consumer's attention and offer the dealer the chance to explain other top-of-the-line features. So they can step up by selling down; use these units as a merchandising tool. If the consumer doesn't want the top-of-the-line model, the salesman will probably still sell closer to the top model than if he had opened with the mid-priced unit."

He continued, "Electronics are in the future. I can't say how fast the consumer will accept them and when prices will come down to affordable levels. But when it happens it will happen fast.

"More product categories will be converted over. The controls will be more than just readouts; they will control functions. At WCI we're being cautious. We want to be sure they're right and that they offer benefits that are practical."

Electronics edge up

GE added electronics on its top-of-the-line side-by-side refrigerator in 1984, said Higgins. In 1985, the firm introduced its Refreshment Center model which also featured electronics. "Both units have done very well. They are selling better than the forecasts and the estimates were rather aggressive," he stated.

The feature will tend to stay at the high end of the side-by-side offerings, Higgins reported, although there may be some introductions of electronics on some top-mount no-frost models next year.

"These units are still relatively expensive to manufacture," he explained. "The benefit value isn't where it should be. It's still high end, high cost. It will be 10 years or longer before electronics are pervasive throughout the industry. But the replacement of electromechanical components will mean high reliability."

Admiral has an electronic monitor on its 24-cu.-ft. side-by-side refrigerator. The unit is doing very well, but it is not a volume piece, said Krueger.

"Electronics are a value when they make life easier for the user or provide extra functions," he noted. "The control on our refrigerator monitors the temperature range for both the freezer and refrigerator sections, gives the consumer an update on temperature and if there is a trend of it being up or down for either section. It also lets the consumer know if the door is ajar, if there is a power failure, etc."

Krueger does not see electronics filtering down to other refrigerator models in Admiral's line next year. "Costs are still associated with electronics and it's a competitive industry out there." However, he did say that there could be electronic controls on the firm's top-of-the-line laundry model within a year.

"In 1986, we will see more model proliferation of electronic dishwashers than ever before," said GE's Reid. The firm now has two. The controls sense water temperature and heat the water if necessary, maintain water temperature, control the entry display system and alert the user to malfunctions. Sensors in the machine let the consumer know if the wash arm is blocked. Or, if detergent is not added, the machine won't start.

General Electric has no plans for electronic controls on its laundry products for 1985 and 1986, said Reid. "We're watching the area carefully but it is a trend driven not by consumer demand, but rather by the appliance producers. Since laundry products are closed off behind doors in many homes, aesthetics are not as important as on other appliances."

Over time, however, Reid predicted that there will be sensors in laundry products that tell the consumer whether the rinse is adequate, if the

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Great future foreseen for stacked laundry units

(Continued from page 38)

right amount of detergent is being used, if the clothes have spun enough. "Electronics will be more than just a pretty entry display. There is not enough evidence now that the consumer would pay just for that."

What will be the firm's forte in the laundry category in 1986 will be the Spotscrubber units. "We are pleased with 1985 sales of the two models. The consumer feedback has been very positive. The goal set for 1985 sales of the product, which was first shipped in mid-May, was surpassed around September. A third unit was added to retail floors last month. The feature is one that appeals to buyers of large-capacity washers and machines mid-line and up." Prices ranged at retail from around $399 to $550.

Space-savers stack up

Stacked laundry pairs are also being emphasized in the industry. Said Reid, "The stacked configuration is important in the 24-in. business. The question is, should the units be 24 in. or full size? Which is the right area to be in? The compact size serves us right now, but we are studying that question."

Said a WCI spokesman, "We are doing good volume on the White-Westinghouse Space-Mates and the Laundry Center from Frigidaire. New construction projects specifically require space-saving pairs."

Speed Queen's new Contempo Mate addressed the multi-housing dweller in need of compact, stackable, portable laundry equipment. Pointed out David Kretz, vice president of home laundry sales, the units are being targeted at the excess of 20 million households (out of approximately 85 million) that are multi-housing situations.

The firm also offers a full-size stacked pair in the Ultra-Mate and the lower-priced Ultra-Mate II.

Maytag has a full-sized stacked pair, noted Ralph Nunn, vice president of marketing. Pleased with sales to date of the units, which are now in national distribution, the firm sees a great future for this type of product. The model features electronic controls which allow one control panel to run both the washer and dryer.

The European styling trend is still prevalent in the industry but it's not taking off in big numbers, said suppliers.

There is an evolution of continued improvement in product aesthetics, said Bowman. "The look is more like kitchen furniture. We see the product looking more high-tech. There are more built-in integrated looks with the applicances and cabinets blending together."

Solid elements for ranges are growing slowly in popularity. Whirlpool offers them only in a modular form at the present time, said Bowman.

Maytag does not offer solid elements on a freestanding range either. Said Nunn, "We're looking at it but have made no definite plans. It's a good feature for certain people. It's different, innovative. Some people will buy them because they are different but the feature won't take over the industry."

Solid elements can be found on the Frigidaire Euroflair cooktop as well as on a 30-in. freestanding range. The range, particularly, said a WCI spokesman, is doing extremely well.

He noted, "In Europe it's hard to find an electric range that doesn't have solid elements. In Australia, where they were introduced in 1970, they now account for about 60 percent of the market. After four years in Canada, they represent about 12 to 15 percent of sales. If we had to come up with a sales level in a few years for this country, solid elements will probably be found on 15 percent of the new ranges sold. It may be a new concept in the U.S., but it's a well-proven one."

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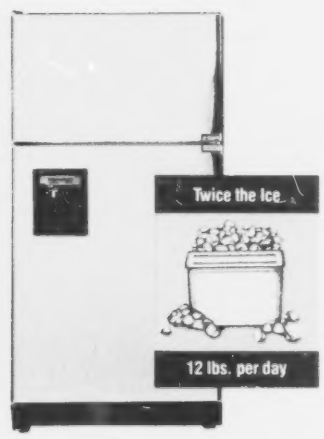

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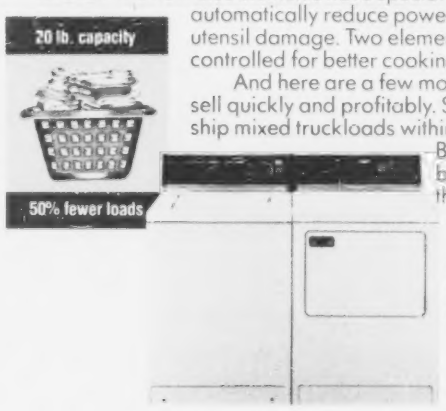

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Top 30 in videocassette rentals

TITLE	Last month's position	Months on chart
1. **The Breakfast Club** *(MCA)*	—	1
2. **The Killing Fields** *(Warner)*	3	2
3. **Amadeus** *(Thorn EMI/HBO)*	—	1
4. **Missing In Action II** *(MGM/UA)*	—	1
5. **The Karate Kid** *(RCA/Columbia)*	1	5
6. **Desperately Seeking Susan** *(Thorn EMI/HBO)*	4	2
7. **The Sure Thing** *(Embassy)*	15	2
8. **A Soldier's Story** *(RCA/Columbia)*	5	4
9. **Porky's Revenge** *(CBS/Fox)*	—	1
10. **Police Academy II** *(Warner)*	—	1
11. **Falcon and the Snowman** *(Vestron)*	2	4
12. **A Passage to India** *(RCA/Columbia)*	22	2
13. **Nightmare on Elm Street** *(Media)*	8	4
14. **Starman** *(RCA/Columbia)*	6	4
15. **Turk 182** *(CBS/Fox)*	—	1
16. **The Terminator** *(Thorn EMI/HBO)*	9	6
17. **Mrs. Soffel** *(MGM/UA)*	20	2
18. **The Mean Season** *(Thorn EMI)*	13	3
19. **The Flamingo Kid** *(Vestron)*	7	4
20. **Slugger's Wife** *(RCA/Columbia)*	—	1
21. **Company of Wolves** *(Vestron)*	—	1
22. **Friday the 13th Part 5** *(Paramount)*	—	1
23. **Stick** *(MCA)*	11	2
24. **Purple Rose of Cairo** *(Vestron)*	—	1
25. **Places in the Heart** *(CBS/Fox)*	16	5
26. **Mischief** *(CBS/Fox)*	23	2
27. **The River** *(MCA)*	24	5
28. **Missing In Action** *(MGM/UA)*	19	5
29. **Wrestlemania** *(Coliseum)*	—	1
30. **Into the Night** *(MCA)*	17	3

Top 10 in videocassette sales

1. **Jane Fonda's Workout** *(Karl-Lorimar)*	1	40
2. **Jane Fonda's Prime Time** *(Karl-Lorimar)*	2	11
3. **Pinocchio** *(Walt Disney)*	3	3
4. **Jane Fonda's Workout Challenge** *(Karl-Lorimar)*	—	3
5. **We Are the World** *(MusicVision)*	6	4
6. **Prince Live** *(Warner)*	5	3
7. **Do It Debbie's Way** *(Video Associates)*	—	4
8. **Star Trek III: The Search for Spock** *(Paramount)*	10	8
9. **Beverly Hills Cop** *(Paramount)*	—	1
10. **Huey Lewis and the Heart of Rock & Roll** *(Warner)*	—	1

Top 5 in laserdisc sales

1. **The Killing Fields** *(Warner)*	—	1
2. **2010** *(MGM/UA)*	—	2
3. **A Soldier's Story** *(RCA/Columbia)*	—	1
4. **Giant** *(Warner)*	—	1
5. **The River** *(MCA)*	—	1

Top 5 in alternative programs

1. **Jane Fonda's Workout** *(Karl-Lorimar)*	1	13
2. **Jane Fonda's Prime Time** *(Karl-Lorimar)*	2	11
3. **Jane Fonda's Workout Challenge** *(Karl-Lorimar)*	—	1
4. **Do It Debbie's Way** *(Video Associates)*	5	7
5. **Prince Live** *(Warner)*	3	3

KARTES

THE BATTLESHIP POTEMKIN (1925) Considered by many to be one of the greatest films ever made, Sergei Eisenstein's gripping drama depicts the mutiny on the Potemkin as a symbol of the Russian revolution. One of the first films to feature the montage technique, which Eisenstein pioneered. *B/W 66 minutes VHS Beta C: $19.95.*

KEY VIDEO

UNDER MILK WOOD (1973) Directed by Andrew Sinclair, this production of Dylan Thomas' play stars Richard Burton, Elizabeth Taylor and Peter O'Toole. Burton is the "First Voice" who takes the viewer on a tour of the mythical Welsh town, Llareggub. O'Toole is an aging, blind sea captain who knows the town by its sounds, and yearns for the love of his younger days, Rosie Probert (Taylor). *Color 90 minutes PG VHS hifi Beta hifi C: 59.98.*

KULTUR

THE LIFE OF VERDI (1984) The RAI Italian televison network produced this miniseries which covers the life of Guiseppe Verdi. The sound track includes such opera stars as Renata Tebaldi, Maria Callas, Luciano Pavarotti and Birgit Nilsson. This full-length, uncut, English version comes in a leather-like bound case, on four cassettes, with a 22-page color synopsis booklet. *Color 10 hrs. VHS stereo Beta stereo C: $249.95.*

MCA

SABOTEUR (1942) Alfred Hitchcock's classic stars Robert Cummings as the hero who is unjustly blamed for sabotaging an American munitions factory in Los Angeles during World War II. His pursuit of the real saboteur takes him across the country on a nerve-splitting chase that finally ends in a thrilling climax atop the Statue of Liberty. Also starring Priscilla Lane and Otto Kruger. *B/W 108 min. VHS hifi Dolby B mono Beta hifi mono C: $59.95.*

MGM/UA

MOTOWN 25: YESTERDAY, TODAY, FOREVER (1983) The video version of the star-studded musical spectacular has about 30 minutes of footage never seen before and not available anywhere else. Highlights include Michael Jackson performing his hit single Billie Jean, the reunion of The Jackson Five; Marvin Gaye singing What's Going On, a duet between Linda Ronstadt and Smokey Robinson; a "duel" between The Four Tops and The Temptations singing a medley of their hits, and what is probably the last time anyone will see The Supremes perform together. Other legendary Motown stars include Stevie Wonder and Gladys Knight. *Color 150 minutes VHS videophonic sound Beta hifi C: $29.95.*

PARAMOUNT

RUSTLERS' RHAPSODY (1985) Director and writer Hugh Wilson (*Police Academy*) bushwhacks the wild west in this spoof of 1940's B-movie westerns. Tom Berenger stars as singing cowboy star Rex O'Herlihan. He and his dancing horse Wildflower battle the baddies. Featuring Marilu Henner and Andy Griffith. *Color PG 89 minutes VHS stereo Beta stereo C: $79.95 LV: $29.95.*

PLAYHOUSE

MIRACLE ON 34TH STREET (1947) A perennial holiday favorite, this film tells the story of a Macy's department store Santa (Edmund Gwenn) who swears his name is Kris Kringle. Six-year-old Susan (Natalie Wood) believes in him, her mother (Maureen O'Hara) doesn't, and Kringle creates such a furor that a trial is held at which everyone must answer the question—do they believe in Santa Claus? *B/W 97 minutes VHS hifi Beta hifi Closed captioned C: $29.98.*

WARNER

LOST IN AMERICA (1985) This Yuppie update of *Easy Rider* follows a successful and responsible married couple as they attempt to find their true selves on the open road in an expensive camper. Can jobless executives find happiness haplessly wandering to a rock and roll soundtrack? The answer lies somewhere in Arizona. Starring comedian Albert Brooks (Real Life, Saturday Night Live short films) and Julie Hagerty (Airplane!, Midsummer Night's Sex Comedy). Directed and co-written by Brooks. *Color 91 minutes R VHS Beta C: $79.95.*